Transforming Product Complexity Into Cash

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When considering product configuration systems it is easy to become inwardly focused and lose out on the greatest benefits as a result. If you are using a product configuration system today or are considering implementing one, remember this one point: Your customers' experiences with your selling strategies and systems are all that really matter. Serving them with the best possible pricing, quoting and product configuration applications so they can excel should be top priority. Challenge your company to look at your customers' needs through the prism of product configuration to see how they can best be served.

Here are a few ways to transform product complexity into cash:

Think like a customer and put agility above internal efficiency in designing your configurator. Being able to change a product configuration on the fly and still have pricing updated in real time only happens when a system has been designed for agility. Too often product configurators are designed to support manufacturing, and customers, channels and sales are second. Change this around and go after agility from the customers' sales teams' and channel partners' perspectives first.

Usability is more important than breadth of functions, features and options. Keep it simple. Stay away from trying to bring every single option on every single configurator. Try to create a minimum number of options, and regularly analyze how effective they are in delivering greater sales.

Look for how you can create a common language and alleviate confusion surrounding your products using a consistent configurator strategy. To your supply chain, a configured product looks vastly different than it does to your sales team, sales operations, pricing and product-management groups. Consider how you can create a single definition of the configured product that unifies all of these functions in your company.

Design your product configuration strategy to support integration of services on the same quote and purchase order. This is a huge win for companies that have partnered with service providers across the lifecycle of their more complex products and systems. There are many examples of this in the emergency-vehicle, HVAC and medical-products markets where services from

partners are part of the total solution a customer needs.

Free up your product and service experts by capturing their expertise in the product configuration workflows. Capturing the expertise of your top product and services experts and working them to represent the trade-offs and decisions they make in quotes and proposals using a product configurator can save hundreds of hours a year. This frees up your top talent to concentrate on meeting with the largest, most profitable customers and winning more sales as a result -- instead of being tied down to their laptops answering an endless stream of questions and fixing quotes or proposals. It also prevents burnout of the most valuable technical professionals you have as well.

Think strategically about product configuration across the lifecycles of products. The greatest benefit to having a product configurator is the ability to work on a model-by-model basis over the lifecycle of a given product or product series. You can incrementally change product attributes, make mid-lifecycle adjustments to product attributes, and completely re-define a product -- all from the configuration model.

Simplify your product strategy by using product configuration workflows instead of Engineering Change Orders (ECOs). This worked out so well for one emergency-vehicle manufacturer that they were able to reduce their ECO count by 4,000 custom configurations -- that had never actually been sold.

Measure sales force, reseller and channel satisfaction with the configurator every quarter and post the results. Start benchmarking the level of adoption and satisfaction levels with the product configuration, pricing and quoting strategies. Having a firm grasp on adoption rates by application is a great way to begin looking at how to increase the value of these systems over time to your direct sales force and channel partners.

Data mining product configuration data for demand management insights. The most advanced companies using quoting, pricing and product configuration are doing this. They capture all options selection and get beyond a Pareto analysis to determine clustering of options. This data is useful for supply-chain planning and also figures into whether a given option is included in a prebuilt configuration. Data mining configuration options by sales channels can also tell you quite a bit about the differences in your online versus in-store or reseller-based customers. Lastly, this can provide useful data for the Sales & Operations Planning (S&OP) process in your company.

The keys to success when implementing a product configuration system are simplicity and customer centered selling strategies. With these two things in mind, internal operations run more smoothly and customer satisfaction can be achieved.

This is an edited excerpt of "Transforming Your Selling Strategies [1]." Louis Columbus has nearly 20 years of experience in the IT industry, specializing in market and industry analysis, sales, product management and development.

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